

Message Text

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TO SECSTATE WASHDC 6168

C O N F I D E N T I A L JIDDA 6990

LIMDIS

FOR ASSISTANT SECRETARY ATHERTON FROM CHARGE

E.O. 11652: GDS

TAGS: ETRD, SA, US

SUBJECT: DISCUSSION WITH FONMIN PRINCE SAUD ON SAG'S BOYCOTT
POLICY

REF: (A) STATE 254030, (B) JIDDA 6887, (C) JIDDA 6897

1. I BEGAN MY MEETING WITH PRINCE SAUD, OCTOBER 19, BY SAYING THAT THE USG APPRECIATED THE CLARIFICATIONS HE HAD MADE WHILE IN THE UNITED STATES CONCERNING SAUDI ARABIA'S BOYCOTT POLICY. STATEMENTS SUCH AS THESE -- AND INCLUDING THE JOINT COMMUNIQUE ISSUED AFTER SECRETARY SIMON'S VISIT OF LAST MARCH WHICH EMPHASIZED THAT THE BOYCOTT DOES NOT DISCRIMINATE ON THE BASIS OF RACE, RELIGION, OR ETHNIC ORIGIN -- CAN HELP SAUDI ARABIA AND THE UNITED STATES TO WORK OUT THEIR DIFFERENCES ON THE BOYCOTT WITH MINIMUM RISK OF CONFRONTATION.

2. IN THE NEAR FUTURE WE WANTED TO CONTINUE TO WORK CLOSELY WITH THE SAG ON OTHER ISSUES OF ECONOMIC POLICY SUCH AS THE PREFERENCE FOR THE POSITIVE CERTIFICATION OF ORIGIN FOR EXPORTS TO SAUDI ARABIA, AND THE PROBLEM OF THE "SECONDARY BOYCOTT" WHEREBY THE ARAB BOYCOTT SEEMED TO REQUIRE OF AMERICAN FIRMS DEALING WITH SAUDI
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ARABIA THAT THEY DISCRIMINATE AGAINST OTHER AMERICAN

FIRMS. THIS PRACTICE WAS UNPOPULAR IN THE UNITED STATES AND ALSO ILLEGAL.

3. PRINCE SAUD SAID THE SAUDI ARABIAN GOVERNMENT WAS ALWAYS PREPARED TO DISCUSS BOYCOTT ISSUES WITH THE UNITED STATES AND VERY GREATLY VALUED ITS TIES TO THE AMERICAN ECONOMY. THE SAG, MOREOVER, WAS ALWAYS READY TO SEEK A NEGOTIATED SOLUTION IF IT APPEARED THAT SAUDI LAWS CONFLICTED WITH U.S. LAWS OR IF SAUDI LAW WERE DOING INJUSTICE TO AN AMERICAN CITIZEN. BUT AT THE SAME TIME, PRINCE SAUD DID NOT BELIEVE THAT A CONFRONTATION WITH ANTI-BOYCOTT ELEMENTS COULD BE AVOIDED. WHATEVER THE SAG TRIED TO DO TO MEET OUR OBJECTIONS TO THE ARAB BOYCOTT HALFWAY, ANTI-SAUDI ELEMENTS WOULD CONTINUE TO LOOK FOR POINTS OF FRICTION AND EXAGGERATE THEIR MAGNITUDE. SO LONG AS THESE ELEMENTS PERSISTED IN THEIR ILL WILL TO SAUDI ARABIA-AMERICAN FRIENDSHIP, HOW COULD FRICTION AND CONFLICT BE AVOIDED? THE PRINCE ADDED THAT THE SAG WOULD ALWAYS TRY TO AVOID PUTTING A STRAIN ON ITS COMMERCIAL TIES TO THE UNITED STATES, BUT IT WOULD NOT UNDER PRESSURE ALTER THE PROVISIONS OF THE ARAB BOYCOTT. (COMMENT: HE DID NOT SAY THE SAG WOULD CONTINUE TO IMPLEMENT IN ALL OF ITS FORMS THE PROVISIONS OF THE BOYCOTT).

4. I SAID THAT IN A FEW DAYS I WOULD SEE THE MINISTER OF COMMERCE AND WOULD CONTINUE WITH HIM A DIALOGUE ON OUR COMMERCIAL RELATIONS THAT HAD SO FAR PROVED RESPONSIBLE, HELPFUL, AND BENEFICIAL TO BOTH SIDES.
HORAN

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